

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SSC-01 CIAE-00 DODE-00 PM-07 H-03

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FM AMEMBASSY KUALA LUMPUR

TO RUEHC/SECSTATE WASHDC PRIORITY 7897

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY WELLINGTON

CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 KUALA LUMPUR 4352

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PGOV MY

SUBJ: NEW MALAYSIAN CABINET: FURTHER DETAILS AND ANALYSIS

REF: A. KL 4324

B. KL A-76, 6/3/74

1. SUMMARY: IN THIS IMPORTANT POST-ELECTION PERIOD, PRIME MINISTER RAZAK HAS SELECTED A CABINET THAT IS POLITICALLY BROAD-BASED, AIMED AT CONCILIATING ALL NATIONAL FRONT PARTIES AND FACTIONS WITHIN PARTIES. APPOINTMENT OF SABAH CHIEF MINISTER TUN MUSTAPHA AS MINISTER OF DEFENSE, HOWEVER, OVERSHADOWS OTHER APPOINTMENTS AND MAY BE IMPORTANT AS A "SIGNAL" THAT AN ATTEMPT AT RESOLVING THE SABAH-SOUTHERN PHILIPPINES PROBLEM IS AT HAND. NEVERTHELESS, MUSTAPHA'S APPOINTMENT HAS SOME NEGATIVE ASPECTS, ALTHOUGH HE MAY BE MORE RESTRAINED IN HIS PREDILECTIONS AND ACTIVITIES AS DEFENSE MINISTER THAN HE WAS AS
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RULER OF SABAH. ON THE ECONOMIC SIDE, TWO IMPORTANT APPOINTMENTS, IN ADDITION TO MINISTERIAL LIST TRANSMITTED REFTTEL, ARE TAN SRI CHONG HONG NYAN AS DEPUTY FINANCE MINISTER AND TUNKU RAZALEIGH AS BOARD CHAIRMAN AND CHIEF EXECUTIVE OF NEW NATIONAL OIL COMPANY PETRONAS. END SUMMARY.

2. PM RAZAK SEPT 5 DESIGNATED 21 MINISTERS TO FORM AN "ACTION CABINET", A NET REDUCTION OF TWO PORTFOLIOS. HOWEVER, 16 DEPUTY MINISTERS AND AT LEAST 9 PARLIAMENTARY SECRETARIES (MORE PARL SEC APPOINTMENTS ARE YET TO COME) HAVE ALSO BEEN DESIGNATED, SWELLING SUB-CABINET RANKS TO LARGEST NUMBER EVER. IN BROKERING FOR NEW CABINET, RAZAK MADE ALL-OUT EFFORT TO CONCILIATE ALL PARTIES WITHIN NATIONAL FRONT AND FACTIONS WITHIN PARTIES. THUS, EVERY STATE EXCEPT PERLIS IS REPRESENTED AND EVERY NATIONAL FRONT PARTY, EXCEPT PEOPLES PROGRESSIVE PARTY (PPP) WHICH WAS VIRTUALLY WIPED OUT IN ELECTION, HAS MINISTERSHIPS OR DEPUTY MINISTERSHIPS. PARTY BREAKDOWN OF CABINET AND SUB-CABINET POSTS IS AS FOLLOWS:

PARTY	MINISTER	DEPMIN	PARLSEC
UMNO	12	7	4
MCA	3	3	2
MIC	1	1	1
GERAKAN	0	1	1
PMIP	1	2	1
SARAWAK COALITION			
	2	1	0
USNO (SABAH)			
	2	0	0

3. REALIGNMENT OF PORTFOLIOS REFLECTS POLITICAL EXIGENCIES AS WELL AS NEED TO RESOLVE OVERLAPPING JURISDICTIONS IN SEVERAL AREAS. AGRICULTURE AND FISHERIES HAS BEEN MERGED WITH RURAL DEVELOPMENT UNDER GAFFAR BABA TO IMPROVE GOVT EXTENSION AND OTHER SERVICES IN RURAL AREAS AND TO REWARD GAFFAR FOR A JOB WELL DONE AS NATIONAL FRONT CAMPAIGN MANAGER. GAFFAR WILL BE ASSISTED BY TWO DEPUTY MINISTERS, MUSTAPHA JABBAR AND MOKHTAR HASHIM. PRIMARY INDUSTRIES MINISTER HAS BEEN PARED DOWN BY TRANSFERRING MINING TO LANDS AND MINES UNDER DATUK ASRI. PETROLEUM MATTERS NOW RESPONSIBILITY OF PETRONAS UNDER PRIME MINISTER (SEPTTEL). LANDS AND MINES MINISTRY NOW ALSO INCLUDES FORESTRY. ROAD TRANSPORT DIVISION OF FORMER COMMUNICATIONS AND TRANSPORT MINISTRY HAS BEEN MERGED WITH PUBLIC WORKS UNDER GHANI GILONG WHICH HAS IN TURN LOST JURISDICTION OVER NATIONAL ELECTRICITY BOARD TO NEW MINISTRY OF POWER, TECHNOLOGY AND RESEARCH UNDER MOHAMED YAACOB. NUCLEAR POWER RESPONSIBILITY ALSO GIVEN TO YAACOB. NEW MINIS-

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TRY OF PLANNING AND SOCIO-ECONOMIC RESEARCH INCLUDES GENERAL PLANNING UNIT OF PRIME MINISTER'S DEPARTMENT AND POSSIBLY RESEARCH UNIT OF NATIONAL UNITY MINISTRY, NOW DISSOLVED.

4. ONE GRAY AREA IS NEW MINISTRY OF COORDINATION OF PUBLIC CORPORATIONS, HEADED BY DATUK HUSSEIN ONN (DEPUTY PRIME MINISTER AND FINANCE MINISTER) AND MOHAMED RAHMAT AS DEPUTY MINISTER. PRESUMABLY MINISTRY WILL SUPERVISE MARA, PERNAS, UDS, STATE ECONOMIC DEVELOPMENT CORPORATIONS, FAMA AND FIMA, BUT ITS RELATIONSHIP, IF ANY, TO NEW STATE OIL CORPORATION PETRONAS IS AS YET UNCLEAR; ALSO NOT YET CERTAIN IS ITS RELATIONSHIP TO GOVT-BACKED BANKS SUCH AS BANK BUMIPUTRA AND AGRICULTURE BANK. ALSO ON DOMESTIC SIDE, APPOINTMENT OF DR. MAHATHIR BIN MOHAMED AS EDUCATION MINISTER, VERY APPROPRIATE IN VIEW OF MAHATHIR'S INTELLECTUAL ABILITIES AND GOOD REPUTATION AS AN ADMINISTRATOR AND MODERNIZER, WAS NOTEWORTHY BUT NON-MALAY COMMUNITY IS LIKELY TO CONSIDER HIM A MALAY CHAUVINIST (UNDESERVEDLY IN EMBASSY'S VIEW). MAHATHIR'S APPOINTMENT WAS HOWEVER TEMPERED BY DESIGNATION OF MCA SECRETARY-GENERAL CHAN SIANG SUN AS DEPUTY MINISTER. RE FOREIGN AFFAIRS, RAZAK SAID THAT INFORMATION AND SPECIAL FUNCTIONS MINISTER TUNKU RITHAUDDEEN WILL CONTINUE TO ASSIST HIM WITH SPECIAL FOREIGN MINISTRY PROJECTS.

5. MOST UNEXPECTED MINISTERIAL APPOINTMENT, AND ONE WHICH HAS AROUSED MOST PUBLIC INTEREST, IS DESIGNATION OF TUN MUSTAPHA AS DEFENSE MINISTER. INFORMED SOURCES BELIEVE BRINGING MUSTAPHA INTO CENTRAL GOVT IS FIRST STEP BY GOM TOWARD RESOLUTION OF SABAH-SOUTHERN PHILIPPINES PROBLEM, ALTHOUGH THEY ACKNOWLEDGE THAT MUSTAPHA HAS IN PAST SUCCESSFULLY RUN SABAH AFFAIRS FROM HIS HAUNTS IN BRITAIN, MIDDLE EAST AND ELSEWHERE. IT OBSERVED ALSO THAT DEFENSE MINISTRY IS ONLY CABINET POST OF SUFFICIENT PRESTIGE TO ENTICE MUSTAPHA TO KUALA LUMPUR, SHORT OF OFFERING HIM FOREIGN MINISTRY OR DEPUTY PRIME MINISTERSHIP. WHILE MUSTAPHA'S REMOVAL FROM SABAH TOGETHER WITH CONSTRAINTS OF CONFIDENTIAL

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SERVING IN MINISTERIAL POST IN CAPITAL MAY PROVIDE CENTRAL GOVT WITH NEEDED FLEXIBILITY IN DEALING WITH THORNY SOUTHERN PHILIPPINES PROBLEM, THERE IS POSSIBLE CAUSE FOR CONCERN SINCE DEFENSE POST GIVES MUSTAPHA DIRECT INPUT (THOUGH NOT NECESSARILY GREAT AUTHORITY) ON DEFENSE/SECURITY MATTERS AND ALLOWS HIM TO FOCUS HIS FORCEFUL PERSONALITY ON NATIONAL AFFAIRS IN GENERAL. WHETHER PLACING MUSTAPHA "CLOSER TO THRONE" WILL BE NET PLUS FOR GOM WILL PROBABLY NOT BE KNOWN FOR SOME MONTHS TO COME.

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C O N F I D E N T I A L SECTION 2 OF 2 KUALA LUMPUR 4352

6. ANOTHER ASPECT OF MUSTAPHA'S INCLUSION IN CENTRAL GOVT IS APPOINTMENT OF SUCCESSOR IN SABAH. TWO MOST LIKELY CANDIDATES ARE TAN SRI SAID KERUAK, STATE MINISTER OF AGRICULTURE WHO NORMALLY IS ACTING CHIEF MINISTER WHEN MUSTAPHA IS OUT OF STATE, AND DATUK ALIUDDIN, MUSTAPHA'S YOUNGER BROTHER (REF B). IN EITHER EVENT, MUSTAPHA WOULD HAVE STRONG LINE OF CONTROL IN SABAH AFFAIRS, ALTHOUGH IT NOT UNLIKELY THAT ANOTHER AND LESS SUBSERVIENT OFFICIAL SUCH AS STATE FINANCE MINISTER HABIB COULD BE APPOINTED. HOWEVER, IN PRESS CONFERENCE ANNOUNCING NEW CABINET, RAZAK SAID CHOICE OF NEW CHIEF MINISTER WOULD BE UP TO MUSTAPHA.

7. WITH EXCEPTION OF MUSTAPHA'S APPOINTMENT, COMVCSITION OF NEW CABINET CAN BE VIEWED AS CONTINUING MAIN THRUST OF GOM'S DOMESTIC POLICIES AND MODERATE ORIENTATION. IT APPEARS THAT RAZAK HAS PARCELLED OUT FRUITS OF ELECTION VICTORY FAIRLY TO NATIONAL FRONT COMPONENT PARTIES, THUS SUCCEEDING IN HIS OBJECTIVE OF SECURING BROADER AND ESPECIALLY NON-MALAY SUPPORT FOR HIS GOVERNMENT.

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